



AUTOMATED SF-GRH LOSS CLAIM PROCESS

LOSS CLAIM WORKSHEET

AND

FUTURE RECOVERY CALCULATOR

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Introduction:

This will introduce a Microsoft Excel 97 spreadsheet template, filename **RHSLoss4.xlt**, for participating lenders and Rural Housing Service (RHS) personnel to use in preparing Single Family Guaranteed Rural Housing (SF-GRH) loss claims and future recovery remittances.

The spreadsheet includes the SF-GRH Loss Claim Checklist, and a "Start Here - Variables" input worksheet, which upon completion, automatically completes the Loss Claim Worksheet and Form RD 1980-20, "Rural Housing Guarantee Report of Loss," ready for printing and signature. A Future Recovery Calculator is included which will accurately calculate the amount of any future recovery owed to RHS. The Future Recovery Worksheet incorporate the new allowance for Capital repair expenses incurred by the lender which resulted in an increased sales price for the REO property. The calculator will also automatically calculate a 6% allowance for commissions on the difference between the appraised value in which the loss claim was based and the actual sales price of the REO.

A Loss Claim Worksheet and Form RD 1980-20 without automated formulas are included so a user can print and manually complete them. There are also Tables to determine the number of days between any two given dates. Any of the worksheets can be printed and used manually; however, a lender with Microsoft Excel capability should use the automated version to complete the loss claim or future recovery calculations.

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Advantages of the Automated SF-GRH Loss Claim Process are:

- ⇒ *User friendly:* The program opens directly into the “Start here - Variables” input worksheet where the user enters the variables straight down one column. Worksheets are clearly labeled to facilitate access to and printing the completed worksheets and Form RD 1980-20.
- ⇒ *Fast completion:* When the input figures are readily available, the claim forms can be completed in 10 minutes or less.
- ⇒ *Error free:* All computations, including the number of days of interest accrual, are automated. The automated SF-GRH Loss Claim Worksheet and Form RD 1980-20 are designed so that appropriate sections are left blank if a lender has not sold the REO and is basing the claim on a “liquidation” property value and estimated REO management and disposition costs.
- ⇒ *Cautionary “warning” messages* are built in to help the user enter the correct variable in the correct section of the form and to alert the user when a loss exceeds the 90% limit or when there is no loss.
- ⇒ *A manual SF-GRH Loss Claim Worksheet and Form RD 1980-20 are available for printing:* The Rural Development office may print the manual version of the forms for use by lenders not having Microsoft Excel capability.

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⇒ **Helpful hints:**

- ⇒ All computations are automated.
- ⇒ The worksheets are protected and should not be unprotected and changed in any way.
- ⇒ To move through the application, the Tab key will automatically take you to the next input cell.
- ⇒ All cells are formatted. Do not enter dollar signs (\$) or commas. Use decimal figures such as 9003.57 for \$9,003.57.
- ⇒ Cells A7-A17 are left justified. All others are right justified. If your entry does not right justify after moving to the next cell, go back and retype the entry, being careful not to use commas.
- ⇒ If a destination cell indicates an error, check for incorrect entries in the changing cells in the section and retype the entry. Look for entries that are left justified (cell A18 or greater) that should be right justified.
- ⇒ Row references are the spreadsheet row numbers on the left of your spreadsheet screen.
- ⇒ Press the "Enter" key or the "Tab" key to continue making entries down Column A.
- ⇒ The worksheet names used in this guide are the sheet tabs along the bottom of the spreadsheet, starting with "Start Here-Variables", and continuing with "Automated Loss Claim Worksheet," "Automated Form RD 1980-20," "Checklist," "Manual Loss Claim Worksheet," "Manual Form RD 1980-20," "Future Recovery Calculator," "Table 360," and "Table 365." To scroll through the sheet tabs, use the scroll bar arrows to the left of the sheet tabs.
- ⇒ Complete the "Start Here - Variables" worksheet through Part VII.
- ⇒ The RHS loan number default is "50," however, use the correct RHS loan number.
- ⇒ For RHS users: Verify the loan number, interest accrual basis (360 or 365 days), original loan amount, and the lender (servicer) name from your GL and LI screens on the GLAS.
- ⇒ The "Start Here - Variables" worksheet described below, is **not** part of the package submitted for loss payment. It is only used for the entry of variable information.

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Completing the “Start Here - Variables” Input Worksheet

Starting Point:

File Name: **RHSLoss4.xlt** This is an Excel 97 template.

Upon opening the file in Excel, the “Start Here - Variables” input worksheet appears. Your cursor should be in column A, row 7, under the heading “Part I, General Information”. Row numbers listed below refer to the row number of the spreadsheet.

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Part I General Information:

- | | |
|-----------|--|
| Row 7 | Enter the borrower name. |
| Row 8 | Enter the RHS case number with 2 digit State code, the 2 digit County code, and the borrower's Social Security number <u>without</u> hyphens or preceding zeros. (i.e. Enter 2417123456789 and it will be displayed as 24-017-01234567879) |
| Row 9 | Enter the name of the lender/investor holding this account. |
| Row 10 | Enter the 9-digit Tax ID number of the lender <u>without</u> hyphens. (i.e. Enter 123456789) |
| Row 11 | Enter the 3-digit RHS assigned branch number for the lender. |
| Row 12 | Enter the name of the lender's contact person for this account. |
| Row 13 | Enter the 10-digit telephone number of the lender's contact person. |
| Row 14 | Enter the name of the payee to whom the loss claim check is to be paid. In most cases, this should be the name of the holder of the Loan Note Guarantee, but may be the servicer if they are acting on behalf of the holder. If FannieMae owns the loan, you must enter “FannieMae”. |
| Row 15-17 | Enter the address of the payee listed on Row 14. If the check is to be sent to a Rural Development State Office or another Rural Development office, enter “Send check to <u>[Enter name of Rural Development Office]</u> ,” on Row 16. |
| Row 18 | Enter the date the claim is being filed in the “mm/dd/yyyy” format. |
| Row 19 | Enter the report type code: 2 = Final Loss; 4 = Recovery; B = Adjustment to Loss. |
| Row 20 | Enter the 2-digit RHS loan number if different from the “50” default value.
Check the RHS status screen to make sure correct RHS loan number is used. |
| Row 21 | Enter the lesser of the loan on which the guarantee was based or the principal amount actually advanced by the lender. |
| Row 22 | If the property was sold to a third party and is not in the lender's REO inventory, enter the price for which the property was sold. |
| Row 23 | Enter the total amount any funds recovered by the lender otherwise not accounted for, including, but not limited to: insurance payments, collected judgments, etc. |

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Completing the “Start Here - Variables” Input Worksheet (Continued)

- Row 24 Enter the lender's actual cost of collecting the amount on Row 22, up to but not exceeding the amount inserted on Row 22.
- Row 25 If the borrower is released from liability, enter “Yes.” if not, enter “No.”

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Part II Calculation of Accrued Interest:

- Row 28 Enter the unpaid principal amount of the loan. Do not include interest or protective advances.
- Row 29 Enter the interest rate of the loan in decimal format (i.e. 10.25, 7.875)
- Row 30 Enter the daily interest accrual basis, either 360 or 365.
- Row 31 The daily interest accrual is automatically calculated.
- Row 32 Enter the date of the last borrower payment in mm/dd/yyyy format.
(Date Interest Paid Through)
- Row 34-36 Enter the settlement date in mm/dd/yyyy format on the appropriate row.
Enter a date on only one row. An entry is required on one of these rows.
If a date is entered on more than one row, or if no date is entered, an error message will appear.
- Row 37 The number of days of interest to be included in the claim is calculated.
- Row 38 The total accrued interest to be included in the claim is calculated.

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Part III Foreclosure Protective Advances:

Information to complete this section may be obtained from lender records such as a “customer service” or “mortgage loan” history.

- Row 41 Enter the remaining balance of the borrower's escrow account as of the date of the last borrower payment.
- Row 42 Enter the amount of all insurance, paid **after** the date of the last borrower payment, but before liquidation of the account.
- Row 43 Enter the total amount of real estate taxes, homeowner association fees, etc., paid **after** the date of the last borrower payment.
- Row 44 Enter the amount of other protective advances paid before liquidation of the account.

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Completing the “Start Here - Variables” Input Worksheet (Continued)

- Row 45* The total protective advance is calculated by adding Rows 42-44 and subtracting the escrow balance on Row 41. It will show zero or blank if no advances have been made (if the sum of Rows 42-44, less Row 41 ≤ 0). In such cases, the spreadsheet will automatically enter the escrow balance in Item 18 of the Form RD 1980-20. A positive balance indicates the amount of the protective advance which will be entered automatically in Item 12 of Form RD 1980-20.
- Row 47* Enter the amount of interest on the advance listed in Row 45 (if Row 44 is positive) Interest on protective advances must be manually calculated.
- Row 49* Enter the date in mm/dd/yyyy format, the homeowners insurance was last paid out of the escrow account on behalf of the borrower, before liquidation of the account.
- Row 50* Enter the amount of the last homeowners insurance premium paid out of the escrow account on behalf of the borrower, before liquidation of the account.
- Row 51* The amount of prorated insurance not covered by the guarantee is automatically calculated.

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Part IV Expenses Associated with Sale of Property:

*COMPLETE THIS SECTION ONLY IF THE PROPERTY WAS SOLD TO A THIRD PARTY AND IS **NOT** IN THE LENDER'S REO INVENTORY.* This section is to be completed for a transfer or sale before foreclosure, a sale to a third party at the foreclosure sale, or a sale of REO property.

- Row 57-67* Enter only the actual costs associated with the sale of the property as indicated. Only eligible costs are to be entered. Copies of receipts are required.
- Row 57* Only the most recent foreclosure action related to the transfer of title is allowed. Previous foreclosure action expenses are not covered by the guarantee.
- Row 59* Bankruptcy expenses for a bankruptcy which was filed during the most recent foreclosure action.
- Row 69* The total expense associated with the sale of the property is calculated.

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Completing the “Start Here - Variables” Input Worksheet (Continued)

Part V Buydown:

Row 73 Enter the balance remaining in the buydown escrow account, if applicable.

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Part VI Allowable Expenses When Holding REO Property:

*COMPLETE THIS SECTION ONLY IF THE PROPERTY **WAS NOT** SOLD TO A THIRD PARTY AND REMAINS IN THE LENDER'S REO INVENTORY.*

Row 78-81 Enter the actual amount of the expenses as indicated. The listed expenses are the only expenses allowed. The balance of REO expenses are covered by the Acquisition Management/Resale Factor.

Row 78 Only the most recent foreclosure action related to the transfer of title is allowed. An old foreclosure action which resulted in reinstatement or otherwise continuation of the loan are not covered.

Row 80 Bankruptcy expenses for a bankruptcy which was filed during the most recent foreclosure action.

Row 82 The total allowable expenses are automatically calculated.

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Part VII Allowance For REO/Resale:

Complete this section only if the property is REO property at the time this claim is filed.

Row 86 Enter the value of the property as determined by a Liquidation Value appraisal. RHS may use the lender's current appraisal when it reflects the liquidation value and is 6 months or less old. Lenders should enter their latest appraised value. A Brokers Price Opinion (BPO) is **NOT** a valid Liquidation value.

Note to RHS: If the lender sends a Worksheet without an appraised value and the property is still REO, you can finish the Worksheet manually, which also requires manual completion of the Form RD 1980-20, Item 23 through Item 38, **or** you can use the spreadsheet and re-enter all data to complete the claim in full. If a new sheet is prepared, you must also send DCFO the original claim signed by the lender or have the lender sign the revised form.

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Completing the “Start Here - Variables” Input Worksheet (Continued)

- Row 87 Enter the current Acquisition Management Factor as published in Exhibit D of RD Instruction 1980-D.
- Row 88 Allowance for REO/Resale expenses is automatically calculated.

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Part VIII Reserved For RHS Use:

- Row 91 Reserved for RHS use if a claim is reduced in accordance with program guidelines. Enter the amount by which the claim should be reduced.
- Row 92 Reserved for RHS use if all or a portion of a loss claim is denied in accordance with program guidelines. Enter the amount being denied.
- Row 93 Reserved for RHS use to indicate to DCFO if additional interest is to be paid up to the date of the loss claim check.

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Submitting the Loss Claim:

Do not print or submit the input worksheet. Submit only the completed SF-GRH Loss Claim Worksheet and the completed, signed, Form RD 1980-20, “Rural Housing Guarantee Report of Loss.”

To Print the SF-GRH Loss Claim Forms:

- ⇒ Click on appropriate "Print" button located in Row 1 of the "Start Here-Variables" worksheet.
- ⇒ Click on the worksheet, “Automated Loss Claim Worksheet,” and print.
- ⇒ Click on the worksheet, “Automated Form RD 1980-20,” and print.
- ⇒ Click on the worksheet, “Checklist,” and print.

Submitting the SF-GRH Loss Claim:

Lenders:

Send the completed SF-GRH Loss Claim Worksheet and a completed and signed Form RD 1980-20 “Rural Housing Guarantee Report of Loss,” with all items, as listed on the checklist, to the appropriate Rural Development office. If you need blank SF-GRH Loss Claim Worksheets and Forms RD 1980-20 for manual completion by your staff, click on the worksheets “Manual Loss Claim Worksheet” and “Manual Form RD 1980-20” respectively, and print them.

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Note on electronic submission:

To facilitate RHS review, lenders are encouraged to submit a digital copy of the file by email or diskette, as well as the hard copy documentation. The digital file can also be saved for any future recovery needs.

RHS:

- Obtain the signature of the RHS Approval Official on the completed Form RD 1980-20, "Rural Housing Guarantee Report of Loss."
- Mail the SF-GRH Loss Claim Worksheet with the original Form RD 1980-20 signed by the lender (servicer), to the Office of the Deputy Chief Financial Officer, Attention: FC-350, GLB. [Note: Form RD 1980-20 with an original lender signature must be included. If a corrected Form RD 1980-20 is prepared and signed by the RHS Approval Official, label it as "corrected" and attach the original form signed by the lender.]

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FUTURE RECOVERY CALCULATOR:

The Future Recovery Calculator is used to calculate the amount a lender is required to pay the Agency when a lender recovers funds after a loss claim is paid. Future recovery can come in two different forms:

A. *Actual Payment* - For example, a check received for a delayed insurance payment, a collection on a deficiency judgment, or other similar payments.

B. *Higher than Estimated Sale Price* - When the loss claim is calculated for unsold REO, it is based on an estimated sale price established by a third party "liquidation" appraisal of the property. If the property sells at a higher price, that difference must be reported to the Agency as future recovery. [Note: If the property sells for a lower price, the Agency does not reimburse the lender for additional loss.]

The Future Recovery Calculator considers the relative percentage of loss borne by the Agency and the lender based on the original claim, and calculates the amount of the recovery owed to the Agency.

To use the Future Recovery Calculator, the user must have a copy of the Form RD 1980-20, "Rural Housing Guarantee Report of Loss" on which the original loss claim was based. Additionally, the user must have:

A-1. The amount of any future recovery collected by the lender; and/or

B-2. The amount for which the property was sold.

The Future Recovery Calculator can be used by RHS field staff and by lenders (servicers) to calculate future recovery owed the Agency. Lenders (servicers) should complete the worksheet and send a copy of the worksheet along with a check, in the indicated amount, to the appropriate Rural Development office.

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FUTURE RECOVERY CALCULATOR (Continued)

Starting Point:

File Name: **RHSLoss4.xlt** (This is an Excel 97 Template)

Worksheet Name: Future Recovery Calculator

Open the filename rhsloss4.xlt and click on the worksheet "Future Recovery Calculator." Row numbers listed below refer to the row number of the spreadsheet. References to Form RD 1980-20 mean to refer to the form on which the original loss claim was based.

- | | |
|-----------|---|
| Row 1 | Enter the borrower's full name. |
| Row 2 | Enter the borrower's RHS case number with State and County code in the following format: 99-99-999999999. |
| Row 3 | Enter the Lender's loan number for this borrower. |
| Row 4 | Enter the Lender's tax ID number. (9 digit number without the leading zero, i.e. 123456789) |
| Row 5 | Enter the Lender's name from Item 9 of Form RD 1980-20. |
| Row 6 | Enter the date of original loss claim from Item 2 of Form RD 1980-20. |
| Row 8 | Enter the total loss from Item 33 of Form RD 1980-20. If additional interest was paid on the claim, enter the amount on Item 50 of Form RD 1980-20. This figure can be obtained from the RHS office that processed the claim or from the DCFO, GLB. |
| Row 9 | Enter the total computed loss payable from Item 38 of Form RD 1980-20. If additional interest was paid on the claim, enter the amount on Item 55 of Form RD 1980-20. This figure can be obtained from the RHS office that processed the claim or from the DCFO, GLB. |
| Row 10 | Enter original loan amount from Item 27 of Form RD 1980-20. |
| Row 11 | Enter the appraised value of the property from Item 23 of Form RD 1980-20. |
| Row 12 | Enter the amount in which the REO property was sold to third party. |
| Row 13-14 | These cells are automatically calculated. |
| Row 15 | Enter the cost of any capital improvement expenses the lender incurred that directly resulted in an increase in the sales price of the REO property. This does not include additional interest, taxes, insurance, closing help, appraisals, inspections, winterization, lawn care, pest inspections, etc. These expenses were already considered in the original loss claim by utilizing the Acquisition/Management factor. |
| Row 16 | The adjusted sales price is automatically calculated. |
| Row 17 | This cell is automatically calculated. |
| Row 18 | Enter the amount of recovery collected by the lender <u>not</u> included in the original loss claim and <u>not</u> previously reported to RHS. |
| Row 19 | Enter the amount of recovery previously reported to RHS <u>not</u> included in original loss claim submission. |

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FUTURE RECOVERY CALCULATOR (Continued)

- Row 20* Enter the sum of the future recovery **previously paid** to RHS. This amount may be equal to or less than the amount indicated on Row 14.
- Row 21-32* These cells are automatically calculated.

The amount the lender must remit to the Agency is on Row 32, “AMOUNT LENDER TO PAY RHS.” This amount is capped at the total loss paid by RHS to the lender and by the Total Amount of Recovery.

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FUTURE RECOVERY CALCULATOR (Continued)

Printing and Mailing the Future Recovery Calculator:

To print the Future Recovery Calculator:

⇒ Click on the tab at the bottom of the screen labeled, "Future Recovery Calculator," or click on the "Go To Future Recovery Calculator" tab at the top of the "Start Here - Variables Worksheet." Print the worksheet by depressing the print tool button.

Submitting the Future Recovery:

Lenders:

For future recovery only, lenders are to remit the following to the State RD Office that completed the original loss claim:

- A copy of the completed Future Recovery Calculator worksheet
- A copy of Form RD 1980-20, "Rural Housing Guarantee Report of Loss," with Items 1-9, Item 29, and Item 42 completed. Item 1 should be coded as a "4" to indicate a recovery.
- A check, payable to RHS, in the amount specified on Row 23 of the Future Recovery Calculator worksheet.

RHS:

Obtain the signature of the RHS Approval Official on the completed Form RD 1980-20, "Rural Housing Guarantee Report of Loss."

Mail the completed Future Recovery Calculator worksheet and the Form RD 1980-20, "Rural Housing Guarantee Report of Loss," with Items 1-9, Item 29, and Item 42 completed (Code Item 1 as a "4" for recovery) to the Office of the Deputy Chief Financial Officer, Attention: FC-350, GLB.

The lender's check should be processed on Form RD 451-2, "Schedule of Remittances," as a miscellaneous collection code "33."

If you have any questions, please contact Dean Daetwyler in the Single Family Housing Guaranteed Loan Division at (202) 690-0514 or by e-mail at: ddaetwyl@rdmail.rural.usda.gov.

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